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*Auditing Theory and Practice.* By ROBERT H. MONTGOMERY. New York: The Ronald Press Co., 1912. Pp. xxix+673. \$5.00.

The primacy among treatises on auditing, which until the present has been held by Dicksee's work, now passes to Montgomery's *Auditing Theory and Practice*. Mr. Montgomery has previously rendered a valuable service as editor of the American edition of Dicksee. The present volume is, however, no mere revision or rearrangement of another's work, but an independent treatise, scholarly, comprehensive, masterly. It is a happy blend of well-sustained theoretical writing and practical suggestions based on the author's professional experience. Particularly noticeable are the chapters dealing with the detailed audit, and those treating of investigations, such as are required in connection with a sale or reorganization.

Throughout the work the author takes an advanced position on the question of professional ethics. This is not merely in the short section professing to deal formally with that much-discussed topic, but more valuably in the passages scattered through the book, where in discussing matters of theoretical interest he always stands clearly for professional honor and personal integrity.

Without taking space for detailed review of the text, reference may be made to the author's proposed form of balance sheet, in which he is to be commended for breaking with tradition in the interest of accounting clarity. A shade of inconsistency is, however, to be found in his insistence that provision for bad debts should never be placed among the liabilities or on the liability side of the balance sheet, while he sanctions the placing of a reserve for depreciation among the liabilities. Consistency and clearness of presentation are best secured by rigidly demanding that all items, whose meaning is only that some asset account is overstated, should, in the balance sheet, appear as a subtraction from the particular asset, rather than among the liabilities. And the author is not quite correct in the unqualified statement that in English law a dividend cannot be paid unless the capital is unimpaired.

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*Economics as the Basis of Living Ethics.* By JOHN G. MURDOCH. Troy, N.Y.: Allen Book and Printing Co., 1913. 8vo, pp. xi+373+vi. \$2.00 net.

In this book the author has attempted a criticism of present-day economic thought from the ethical point of view. Positing the economic interpretation

of history in its broader sense, he proceeds to an arraignment of "middle-class" economics, particularly the institutions of private property and capitalistic interest.

The author's attack upon interest is directed at both the productivity theory of Clark, and the time-preference or "impatience" theory of Böhm-Bawerk and Fisher. Clark's theory, he asserts, follows the mistaken assumption of most economic thought, that existing societal conditions are "natural." Clark does not prove that capital is specifically productive or that interest is not institutional robbery. He mistakes the transitory for the permanent and his economic solution is obtained through ethical confusions. The criticism of the impatience theory is that it is static and subjective, that its natural necessities are misconstrued and its ethical status a false conception. Individual time-preferences vary infinitely and are objectively influenced by social conditions to such great degree that an excuse for interest cannot be evolved therefrom. Free competition, the cornerstone of the final utility theory, does not exist.

There are occasional weaknesses in the author's reasoning. He confuses capital and the capitalist, using the terms interchangeably and assigning the shortcomings of the person to the institution. He does not satisfactorily prove his thesis that interest is exploitation. His "creative contribution" test carries us no farther than Wieser's "productive contribution" nor is it so scientifically developed. His attempt to substitute creation for imputation to determine the return to capital is a failure, for the creative quest has already passed the point of diminishing returns. Although having many of the earmarks of a propaganda of socialistic thought, the book is remarkably sane, and is valuable as an endeavor to promote wider application of ethical principles to economic thought.

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*Social and Economic Survey of a Rural Township in Southern Minnesota.* By CARL W. THOMPSON and G. P. WARBER. Minneapolis: University of Minnesota, 1913. 8vo, pp. v+75.

This is a highly intensive study of a rural township. The data have mostly been gathered first hand from 136 families in a territory of 36 square miles. The facts gathered corroborate a number of prevalent beliefs. Thus, there has been an increase in the number of rented farms, amounting to 35 per cent in 1912, and also an increase in the number of absentee landowners, about 25 per cent of whom have never seen the farms they own. There is a decrease of interest in religious and political matters; a tendency toward exclusiveness among farmers and to class-distinction between country and town people, and an apathy toward country life in general, the young men going to the city "for something better" and young women not liking "to stay on the farm if they can help it."

Some of the salient facts of improved agriculture are shown by partial